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**Bureau for Africa**

**MADAGASCAR**

**FY 2002**

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**USAID/Madagascar**  
**Antananarivo, Madagascar**

## **Please Note:**

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### **III. PERFORMANCE NARRATIVE**

#### **A. CHALLENGES**

USAID's program performance met expectations in 2001, making important contributions to Madagascar's development. We are helping the Malagasy people address their fundamental problems of poverty; a daunting task, given that Madagascar is one of the world's poorest nations and among the bottom 10% of nations in terms of human development. This poverty creates formidable challenges to the successful execution of development programs. High rates of illiteracy (half the population), high population growth rates, extremely weak health systems, difficult transportation, a socialist legacy of misguided economic policies, and weak democratic governance all present considerable hurdles to implementing programs. In addition, against this backdrop of severe poverty, Madagascar has a global responsibility for stewardship of flora and fauna found nowhere else. It is Africa's highest biodiversity priority and one of the world's top three "biodiversity hotspots."

Some of the more significant accomplishments this year have been:

- Continuing to demonstrate concrete ways of linking efforts to protect Madagascar's unique biodiversity with economic growth of poor rural communities;
- Raising awareness about AIDS prevention, as well as continuing to demonstrate improvements in individual behavior and community mobilization and organization for child and family health;
- Democratic governance initiatives, from election monitoring to civil society strengthening that increase the transparency and accountability of government policies and actions.

Across our programs, we have been highly successful in community mobilization, in bringing the voices of these communities to the attention of decision-makers, in developing successful models that address key development challenges, and in leveraging resources for wider impact.

Madagascar's weak democratic governance, weak government administration systems, and uncertain moves towards decentralization pose challenges for all of our programs. Moreover, we face challenges in taking successful community projects to a national level. We anticipate addressing these problems in our new Integrated Strategic Plan. We also face delays in tax reimbursements, an overvalued exchange rate, a legislative calendar crowded by election politics, and reduced Operating Expense and U.S. Direct Hire levels.

A final, evolving challenge is also political: The outcome of the mid-December 2001 national presidential election is being disputed. The main opposition candidate claims victory, while the incumbent president and highest court call for a run-off. Protests and strikes have drawn hundreds of thousands into the streets. Madagascar's economy has ground to a halt and health and social sector operations are disrupted. Regardless of the immediate outcome, the current crisis confirms the fragility of democracy in Madagascar and its implications for economic and social development.

#### **B. SPECIAL PROGRAM OBJECTIVE: IMPROVED ENVIRONMENT FOR PRIVATE INITIATIVE**

Despite Madagascar's 6.7% economic growth in 2001, early steps towards decentralization, and high profile public-private dialogue at the local and national levels, the Malagasy people face formidable challenges in exercising private initiative. USAID's activities are helping to push out the frontiers of economic opportunity, informed participation, and good governance. Overall, USAID's Democracy and Economic Growth Special Program Objective (SPO) has met planned targets, making important contributions to Madagascar. We assisted with monitoring of provincial elections in FY 2001 that provided important lessons for monitoring of presidential elections. We helped establish a local chapter of Transparency International to monitor pervasive corruption. Our workshops for civil society organizations strengthened public-private dialogue on a poverty alleviation strategy, part of the process for significant debt reduction. Access to financial services for the poor has expanded. The number of new firms created in 2001, our single indicator for an improved environment for private initiative, increased by an estimated 10.5%.

## **IR 1.1 Improved Legal, Financial and Policy Conditions for Trade and Investment.**

A New Legal Landscape: USAID provides financial, technical, and moral support to Malagasy anti-corruption efforts. One accomplishment was the establishment of a national chapter of Transparency International. This chapter conducted two surveys on the perception of corruption that will be published in March 2002. The chapter has helped raise the issue of corruption to a national level. In May 2002, five lead organizations, including the Ministry of Justice, will hold an international seminar to form national anti-corruption strategies.

Because the Malagasy judicial system remains weak and open to corruption, USAID helped form Madagascar's first arbitration and mediation center. Officially inaugurated in March 2001, the center has accredited 36 arbitrators and 31 mediators. They are working with the business community to promote use of alternative dispute resolution mechanisms. Currently, over 100 commercial contracts include arbitration clauses, and three cases have been submitted to the center.

USAID continues to push for passage of company, bankruptcy, secure transaction, and leasing laws that we helped draft. They meet international standards for transparency and accountability, and should greatly improve investor confidence. For political reasons, including the contested election, the laws are stalled in Parliament. While awaiting passage, we trained more than 150 judges, lawyers, and business leaders on these laws and their significance for economic growth.

Improving the Trade and Investment Regime: A new program has produced two workshops on the World Trade Organization (WTO) agreements, as well as policy briefs, and an e-mail news service, to increase public and private leaders' knowledge of trade issues. The policy briefs served as input for Malagasy officials at the November 2001 WTO meetings in Doha. This activity will help to strengthen Madagascar's capacity to participate effectively in the WTO. Progress was also made on launching the Madagascar-U.S. Business Council. Founding members have been elected to an executive committee, statutes adopted, and a preliminary action plan has been endorsed. This Council will contribute to the development of bilateral trade and work to advance changes in Madagascar's policy and legal environment.

Expanding Access to Financial Services: USAID increased access to financial services for the poor through support to the Savings Bank of Madagascar. Program expectations were exceeded, as Bank clients increased in number by 12% to 624,541, or 7.2% of the adult population; 48% of all clients are women. An October 2001 study examined the impact of the Savings Bank services. With a minimum opening deposit of less than two cents, the Bank is available to the poor. While the study pointed out deficiencies in the Bank's service orientation, it clearly demonstrated that households using the savings program were better able to weather the unexpected, such as sudden sickness or seasonal food gaps. The study documented how individual clients benefited from increased esteem and autonomy. Female clients gained empowerment and improved financial security.

In December 2000, the Bank received an unqualified external audit of its 1999 financial accounts and internal control systems. This was the first independent audit of this government institution in almost 20 years. This achievement is a critical step in USAID-backed efforts to privatize the bank.

Although the number of bank branches grew from nine to 15 in 2001, a new challenge arose when all ties with the Post Office were severed in July 2001. This ended the Bank's services at post offices and weakened its extensive rural outreach. Efforts are underway to rebuild this local network.

In May 2001, the Central Bank of Madagascar, with USAID help, upgraded its library and launched a state-of-the-art Internet website. These were the final outputs of an eight-year program that has enhanced the independence, professionalism, and transparency of the Central Bank, and increased the availability of economic information.

## **IR 1.2 More Informed Public Participation in Economic and Legal Issues**

Supporting Elections: USAID assisted a Malagasy NGO in election monitoring during provincial elections in December 2000. The NGO covered more than 1,300 polling stations nationwide, learned lessons about election observation, and strengthened its capacity to conduct future observations. This achievement has had a direct bearing on the presidential elections one year later.

For the presidential elections, USAID played the lead role in establishing and assisting a consortium of local election observation organizations comprised of three local NGOs (one being the NGO that monitored provincial elections). The goal was to educate voters and provide national coverage for the presidential elections. Once we helped organize the NGO consortium, additional support poured in from other governments and Catholic Relief Services (CRS).

The consortium set up regional coordination bureaus in each of Madagascar's 111 districts, trained 20,000 observers, and covered 83% of the 16,500 polling stations. This may have enhanced voter confidence, with the voter participation rate increasing from 45% during the provincial election to 66% in this election. The consortium has been the lead organization highlighting the irregularities apparent in the recent election. This helped galvanize debate on the first round of results and demands for a more accountable election process. The challenge we now face in working with local election observers is to help them maintain their role as objective monitors without taking normative stands that may call into question their political neutrality.

Strengthening Civil Society: USAID contributed significantly to strengthening civil society. We facilitated workshops that allowed more than 500 civil society and community-based organizations to have input into Madagascar's Poverty Reduction Strategy Paper (PRSP); an essential step towards debt cancellation under the Highly Indebted Poor Countries Initiative (HIPC). At the provincial level, representatives from a union of 17 communes along a rail line met with traditional leaders, railroad officials, and local government to agree on better protecting the railroad from landslides. Addressing this regional issue in a participatory forum created a new model of "doing business" in Madagascar, where past decisions were made at the top and dictated down. It also contributed to environmental protection, and is just one example of synergies that cut across our three strategic objectives.

Improving Economic Analysis for Decision Making: This activity produced analyses that formed the basis for the PRSP and thereby focused attention on expanding economic opportunities for the poor. USAID support led to a pivotal study published in early 2001 on poverty changes between 1993-99. This research, produced with U.S. and Malagasy researchers, increased the analytical capacity of local government agencies. The analysis also generated significant interest on issues affecting Madagascar's poorest. The studies inform policy dialogue and program development. One study, *Evolution in Access to Health and Education*, was cited as a key document in preparing the PRSP and World Bank Country Assistance Strategy.

Education for Development and Democracy Initiative: USAID improved access to information in rural areas. We extended high-speed Internet access to one provincial capital in return for the government extending access to another. USAID is supporting two NGO coalitions to use this expanded Internet capacity through the establishment of regional centers to share information between themselves, partners, and government. USAID has also been key in bringing the Cisco Networking Academy to Madagascar. In close collaboration with a local NGO, UNDP, and Cisco Systems, we leveraged more than \$150,000 in equipment and services. One regional academy has been established along with two local academies to train technicians to manage this nation's burgeoning Internet.

**Beneficiaries.** Our support to the National Savings Bank, to election observers, and to the media has had the greatest nation-wide impact. By their nature, our legal reform, trade and investment and civil society strengthening activities tend to touch the more accessible, largely urban populations, even as we strive to give greater voice and opportunity to the poorest and most disenfranchised. Two success stories illustrate beneficiaries and new dynamics of USAID programs.

Local Fishermen Land a Big Catch: With USAID support, an association of small-scale fishermen was able to analyze issues surrounding the sustainability of marine resources off Madagascar's west coast.

As a result, the association advocated protecting their rights, the environment, and limiting large-scale commercial fishing close to the coast. In response to this pressure, the association was permitted to join larger fishing companies and government ministries in making policies about the future of marine resources. With the association's input, the National Environment Office reversed a previous decision and added Mahajanga Province's coast as a priority zone for coastal management.

All Roads Lead to the Community: Road rehabilitation – and access to those roads – is contentious in Madagascar. In the past, criteria for road construction or rehabilitation were purely economic. There was no discussion about the impact on local communities. USAID helped two of Madagascar's six provinces reach out to constituents, while helping build the capacity of civil society organizations to identify common interests and negotiate. After intense negotiations, provincial governments and constituents successfully defended their criteria in workshops with central ministries and donors. Beginning in 2002, all priority road rehabilitation programming will consider local community impact.

## **C. STRATEGIC OBJECTIVE 2: SMALLER, HEALTHIER FAMILIES**

The "Smaller, Healthier Families" program is on track. Impressive gains are shown at the national level through indicators on condom sales and expansion of family planning sites, and at the program level through indicators on contraceptive prevalence rate (CPR), Diphtheria-Petussis-Tetanus (DPT3) coverage, and exclusive breastfeeding. The highly positive results seen at health districts are due to program maturity and the effectiveness of the community mobilization approach, social marketing, and the extensive work of partners to harmonize health messages and approaches with the Ministries of Health (MOH), Education, Population, and Interior. Our investments in primary schools, adolescent reproductive health, expansion of health information through mass media, and with the private sector are paying off. Recent program evaluations show that project areas maintain high performance indicators even after intensive USAID support ends. This is most likely due to the high involvement of community leadership and families in primary health. The 2002 Demographic and Health Survey (DHS) will provide national and regional data for future reporting.

### **IR 2.1: Family level: Increased use of services and healthy behaviors**

USAID has contributed to a major turnaround in the National Immunization Program and other positive improvements in child health. Children receiving DPT3 immunizations increased nationally from 48% in 1997 to 55% in 2000. In USAID focus areas, 2001 data show DPT3 rates at 94%. Overall, 87% of infants are completely vaccinated in the USAID sites compared to 44% nationwide. Exclusive breastfeeding of infants 0-6 months of age increased from 46% to 83% in target groups. In districts supported by USAID, the percentage of children 12-23 months of age receiving appropriate Vitamin A supplements was 76% compared to 50% nationally.

The CPR rate increased nationally from 5% in 1992 to 12% in 2000. In USAID focus areas, 2001 data show a range of CPR from 15-23%. The increasing demand for socially-marketed contraceptives is evident. Last year, sales of oral contraceptives increased by 200% and sales of injectable contraceptives increased by 300%. The 10 largest members of the NGO family planning association began purchasing contraceptives through social marketing. This strengthened NGO contraceptive management systems and helped members move from being passive recipients of donated goods to active commodity buyers, a step towards sustainable contraceptive management.

### **IR 2.2: Community Level: Increased community participation leading to improved health and food security**

Condom sales through social marketing grew from 1.1 million in 1996 to over 6.0 million in 2001.

Population Services International (PSI) joined with USAID, UNICEF, the Centers for Disease Control, and the Government of Japan to expand social marketing through "Project Cinemobile," mobile video units to deliver health messages to rural communities in an entertaining format; 278 presentations in five of the six provinces have reached an average of 750-1500 people per event.

USAID provided considerable support for the national STI/HIV/AIDS prevention program. John Snow International (JSI) helped the Prime Minister's AIDS Prevention Bureau to finalize the national strategy and sector plans. Funding for additional condom procurement has been negotiated with other donors, and a plan for sexually transmitted infections (STI) treatment kit sales was completed and approved by the MOH. Operations research demonstrated very high disease burden among prostitutes in study sites (75% have at least one STI with active syphilis rates as high as 37%). Based on these findings, the MOH adopted guidelines for improved management of STIs among high-risk women. In a northern port city, Family Health International (FHI) implements the new guidelines through a unique program that empowers sex workers to take charge of STI care in collaboration with the public clinic. Clinic attendance increased by 61% during the first seven months. The HIV/AIDS Alliance, with Africa Bureau support, built capacity of eight NGOs and funded HIV prevention activities.

The Champion Community Initiative in 20 health districts is successful in mobilizing local political support to achieve positive results in health and nutrition. Thirty communities are competing for designation as a "Champion Community." The criteria include: 80% of children completely immunized, 65% of new born babies have a health card, 70% of children 6-59 months have received vitamin A, family planning promotion, hygiene and sanitation in public places, and organizing three community festivals.

During 2001, cyclone recovery activities were integrated into ongoing health, population, and nutrition programs. All International Disaster Assistance program components are on track and in some cases exceed the planned benchmarks. One successful cyclone response activity is the production and distribution of a safe water product, "Sur Eau." PSI is producing almost 250,000 units per month and negotiations were completed with a local firm to privatize production. Almost 900 wholesalers and 13,000 retailers are distributing "Sur Eau" nationwide. Further, CARE and JSI have conducted community mobilization and education campaigns to create demand for "Sur Eau."

In another successful cyclone response activity, JSI worked with over 400 communities to improve basic health services and stock essential drugs, provided 35 health centers with basic equipment for emergency medical relief and cholera triage centers, and trained over 1000 community volunteers in emergency health. These volunteers have rapidly expanded village education for disaster preparedness, diarrhea and cholera prevention and treatment, immunizations, and community preparedness for future cyclone seasons.

Title II PVO partners have significantly accelerated implementation during 2001 and improved their monitoring and evaluation. The synergy between Title II agriculture, health, disaster preparedness and relief activities is apparent in much more mature programs. The use of modern farming methods in targeted areas resulted in rice production increases ranging from 70 to 300%. CRS reports exclusive breastfeeding rates in program areas have increased from 33% in 1997 to 63% in 2001. The Adventist Development and Relief Agency reports increases in CPR from 14% to 19% in 2001.

The health, population and environment initiative, known as Voahary Salama, has been formalized to include 20 partners with funding from the Mission, USAID/Global Health, the Summit Foundation, the Packard Foundation and private NGOs. In 2001, the Packard Foundation awarded USAID partners a \$2 million, four-year grant, complementing an earlier \$500,000 contribution from the Summit Foundation. This initiative includes close collaboration between our health and environment programs that will lead to improved health, environment, and agriculture in key bio-diversity corridors.

### **IR 2.3: Health Center Level: Increased access to quality health services.**

The number of public sector sites where couples have access to reproductive health and family planning services grew nationally from under 150 in 1992 to over 1,145 in 2001.

USAID made a major contribution to health worker training in the public and private sectors this year. The Ministry of Health changed its training policy from the traditional group approach to assisted self learning (ASL). JSI provided extensive support to the development of the ASL modules for the Four-Method

Family Planning approach and Safe Motherhood. JSI trained regional staff and launched the ASL package in 16 of 20 intensive districts and seven non-intensive districts; 1,197 health workers began the ASL training or attended family planning refresher training.

PSI is the largest provider of continuing professional education for private doctors in the area of modern contraceptive methods. PSI and the MOH developed a two-day family planning course and refresher follow-up on contraceptive methods, reproductive physiology, counseling, and social marketing. PSI has trained 1,181 doctors in the full course and 676 doctors in the refresher course. The LINKAGES project has joined the PSI network of private doctors for maternal and child nutrition training.

LINKAGES and JSI initiated a program to revise medical and nursing school curriculum to update the subjects of nutrition and the integrated management of childhood illnesses. The focus on pre-service training is a priority to replace much of the intensive in-service training of health professionals.

**Challenges.** While there have been some improvements over the past several years, the health infrastructure nationwide remains weak. Madagascar's health care system is ranked 159 out of 191 in a recent World Health Organization (WHO) report. Child mortality, malnutrition, and STI prevalence remain among the highest in Sub-Saharan Africa. Public sector service delivery is weak. Although private sector service delivery is expanding, it cannot compensate fully for weaknesses in the public sector.

In October 2001, the MOH asked USAID to end direct grants to 20 health districts because of issues relating to central versus provincial management of health centers. We are now rethinking the community approach at the district level and discussing how to maximize this approach with the new provincial governments as decentralized health services expand nationwide.

USAID has focused on improving the quality of health services and supported the Government of Madagascar (GOM) to improve staff training, but the most successful part of the program has been in community mobilization and creating demand for health services. Once demand is created, quality services and supplies must be accessible. A major challenge to the smooth running of health services remains the logistics management of contraceptives, the vaccination cold chain, and essential drugs. The national purchasing and distribution system for health products still needs improvement.

**Beneficiaries.** In the two USAID focus provinces, the program reach is estimated at 6.0 million people. USAID's program helps to improve the health and nutritional status of women of reproductive age and children age five and under, prevent STI/HIV/AIDS among males and females through activities with high-risk populations, improve family food security and mitigate natural disasters in cyclone prone areas. USAID also supports increased access to and use of modern contraceptives and improved quality of family planning services for women, men, and youth. Some of these programs have a national reach. The following success stories illustrates program benefits.

STI-AIDS Education: Research demonstrates that peer education is a powerful method for behavior change. JSI has trained more than 400 peer educators in STI prevention. Most are recruited from high-risk groups including commercial sex workers, homosexual men, men in uniform, and transport workers. Several groups include very high-risk sub-populations such as homosexual commercial sex workers. MOH data shows that condom sales in public clinics increased where the peer educators work. Anecdotal information shows growing demand for quality care. Over the last six months, over 8,000 Malagasy have been reached personally and many more in group settings.

**Field Support.** Several key indicators would not have been reached without collaboration with the Bureaus of Global Health and Democracy, Conflict and Humanitarian Assistance (DCHA) projects. PSI is largely responsible for the condom and contraceptive social marketing program, LINKAGES implements the maternal and child nutrition activities, and the Micronutrient Operational Strategies and Technologies project provides technical assistance to the national vitamin A survey and results dissemination. The Environmental Health Project II provides technical leadership and implements Voahary Salama. Most contraceptives are procured through USAID's global contraceptive procurement system. FHI provides cutting edge operations research on improved STI management and female condoms, paving the way for



improved STI/HIV prevention and management programs. The Population Reference Bureau trains in media advocacy and health policy. Title II food and DCHA child survival grants also contribute to higher immunization, breastfeeding, and family planning rates, in addition to disaster preparedness and mitigation efforts.

#### **D. STRATEGIC OBJECTIVE 3: BIOLOGICALLY DIVERSE ECOSYSTEMS CONSERVED IN PRIORITY CONSERVATION ZONES**

For more than a decade, USAID has led Madagascar and donors with biodiversity conservation, forest management, policy development, and institution building. Beginning in 1998, For the past five years, USAID broadened its approach beyond protected area networks to landscapes or eco-regions, improving forest management techniques. This is benefiting rural families and helping to conserve biodiversity. The long-term results can be seen in forest cover change in Madagascar; an important biodiversity conservation indicator. Although Madagascar's forest cover is still shrinking due to the combined pressures of agriculture, energy, and timber production, our interventions are helping to limit these threats. Forest cover monitoring for the 1993-2001 period puts forest loss rates at 2.6% and 3.5% in USAID zones. Forest loss in comparable non-intervention zones was 6.7%.

##### **IR.3.1: Improved Management of Critical Biodiversity Habitats**

Protecting Biodiversity: Madagascar's internationally respected national park system protects 8% of Madagascar's territory (up from 4.7% in 1989). Last year, we reported that the protected area system represents 15 out of 16 critical biodiversity habitats. Madagascar's habitat classification scheme has been refined, showing that 32 out of 59 critical habitats are represented in the national park system. Increasing the proportion of biodiversity represented in Madagascar's national parks is important. Madagascar's protected area network presently contains 1,716,469 hectares (96% of USAID's performance target) while the national protected area law calls for 100% inclusion of critical habitats in protected areas.

As the critical habitat classification scheme shows, much biodiversity is found outside the park system and non-protected area forest conservation is key to effectively conserving biodiversity. Unfortunately, illegal natural resource exploitation reduces effectiveness. Slash and burn farming, charcoal production, destructive timber cutting, and unregulated mining and fishing are increasing. We played a key role in linking measures that require transparent forest, fishery, and minerals exploitation licensing to debt relief under the HIPC. An autonomous national observatory will monitor forest exploitation and license fee utilization. Regional observatories and campaigns will inform of rights and responsibilities to improve further licensing and fee management transparency and increase participation in natural resource governance. Monitoring has just begun. It helps point out abuses. However, these are young, fragile initiatives and much more needs to be done.

Empowering Communities to Manage Forests: USAID placed natural resource management squarely in the hands of rural communities. With the support of USAID pilot activities, seven forest management contracts and seven land use agreements have been signed between local community associations and the Ministry of Water and Forests. Management of 22,576 hectares of forest was transferred while another 50,360 hectares will soon be transferred to communities. Other communities have requested that an additional 114,000 hectares of forest be transferred to them. Transfers have benefited over 1,000 rural associations. They ensure sustainable biodiversity conservation as community-managed forest types include lowland, coastal, and mid-altitude rain forests. Transferring natural resource management from the state to local communities allows those closest to, and most dependent on, the resource base to begin managing that resource for their own long-term benefit. The direct and tangible benefits for the communities from forest management create incentives to rethink unsustainable management practices.

##### **IR 3.2: Sustainable Use of Natural Resources in Broader Landscapes**

Linking Environment, Development, Poverty Reduction, and Disaster Mitigation: USAID linked poverty reduction, rural development, trade, natural resource management, and disaster mitigation within an eco-region-based conservation and development approach. We helped over 15,300 farmers in 575 farmer

associations, exceeding the 2001 target (of 400). They use sustainable production techniques, abandon slash and burn farming, stabilize cyclone vulnerable hillsides along roads and rails, and are responsible for road and rail maintenance. Farm yields increased from two to 10 times, depending on crop. We are starting to link farmers near biodiversity rich habitat to international markets for environmentally sensitive products like essential oils.

Agribusinesses are starting to appreciate the cost, quality, and flexibility advantages of small farmer suppliers. However, they shy away from formal business with widely dispersed farmers and feel rural families are risky partners. This hurts farmer confidence in their ability to sell new products for a profit. Thus, farmer groups only borrowed 20% of USAID proffered agricultural credit. Small farmer-agribusiness partnerships will encourage exports that capitalize on Madagascar's participation in the African Growth and Opportunities Act and improve rural incomes. Building on our trade missions to the US and South Africa, business association development, improved market information, and greater donor investments in market solutions to rural poverty will address this challenge. For example, the trade missions led to private Malagasy trade offices in Philadelphia and Johannesburg that promise to yield significant export earnings and farmer incomes in the future.

USAID leverages resources to broaden environmental conservation. The Landscape Development Intervention activity attracted more than \$1.25 million in private investments by environmentally friendly enterprises in eco-lodges and agro-processing. Trade mission participants report they are pursuing more than \$10 million in sales. USAID influenced a new World Bank - GOM rural development program to link over \$70 million in production credits to abandoning slash and burn farming. A proposed Alliance with a mining company will support regional environmental activities in the South.

### **IR 3.3 Sustainable Financing Mechanisms Mobilized.**

Developing a Long-Term Sustainable Financing Strategy: Last year USAID assisted the Malagasy Sustainable Financing Commission to identify financing instruments, from trust funds and debt swaps to environmental fees. This year concrete steps have been taken to put several financing mechanisms in place. The National Park Service organized a public forum to present different financing options and move forward with a biodiversity trust fund. Studies were also conducted to test the feasibility of financing schemes, such as conservation contracts and carbon offsets. USAID also supported development of a long-term financing strategy, and discrete studies of different environmental organizations. These are significant steps that encourage the Malagasy to recognize their potential to shift from external donor assistance to internally mobilized and managed funds.

### **IR 3.4: Development and Application of Environmental Policies, Legislation, and Procedures**

Enacting Enabling Conditions for the National Park Service: With USAID support, key policy and legislative changes now underpin long-term biodiversity conservation. In May 2001, the National Assembly passed a law providing a more coherent legal framework for national park system management. While still requiring Senate passage, the law also provides a legal basis for creation of regional and local protected areas. The National Park Service's planning and strategy document was also finalized incorporating management strategies for conservation, research, ecological monitoring, social and economic development, and environmental education.

Incorporating Environmental Concerns into Regional Planning and Investment: USAID support has created active regional planning structures in four eco-regions. These regional planning structures incorporate environmental information into local decision-making and promote civil society and private sector participation in natural resource governance. This advocacy dynamic has improved watershed management in Fianarantsoa and mining regulation in Vatomandry (Tamatave Province).

USAID streamlined Environment Impact Assessment (EIA) procedures to reduce private investment obstacles and ensure that environmental considerations are routine in investment planning. We are now supporting an EIA of a new ruby and sapphire mining zone. When completed, the EIA will be reviewed

and approved by the Ministry of Environment. Investors in the region will not be obligated to conduct full EIAs themselves, and thereby will save time and money. Nevertheless, they will need to show how their mines comply with the mitigation conditions included in the final EIA. For the third year, the number of EIAs met or exceeded targets (nine achieved, eight planned), indicating greater public capacity and private commitment to the environment.

We also assisted Tamatave Province to develop a decentralized environmental management model. We helped develop a regional environmental strategy and a provincial environmental information system, review legal issues on environmental decentralization, and design and initiate provincial capacity building. A public review in which over 2,000 Malagasy attended ensured transparency.

### **Special IR 3.5: Productive Infrastructure and Systems Rehabilitated.**

Rehabilitating Transport and Agricultural Infrastructure through Cyclone Recovery Efforts: Cyclone damage rehabilitation of farm-to-market roads and the southern railroad has increased coffee and banana marketing. This supply response and longer-term poverty alleviation and forest conservation potential has attracted pledges of more than \$13 million in complementary World Bank, African Development Bank, UNDP and Japanese investment. Communities along the roads and rails invest labor and money in hillside stabilization with terracing, grass, and fruit trees. They also form associations and sign agreements to discourage deforestation that exacerbates cyclone damage.

International Disaster Assistance investments have rehabilitated 21 irrigation systems and distributed 288 tons of short cycle seeds. We have already reached 88% of the end-of-program targets. This has returned 3,467 hectares of land to production (61% of target); 8,400 farm families now harvest two crops per year. Rice yields averaging 3.43 tons per hectare are double the national average. Better yields and more diversified cropping have increased farm productivity by two to five times. Average farm revenue has increased 38%. Market access underpins these impressive results. Post-cyclone investments repaired 156 km of farm-to-market roads (61% of target).

Cyclone damage rehabilitation builds local capacity to maintain farm-to-market roads and railroads. This ensures consistent, long-term market access and reduces cyclone vulnerability. However, once communities assume their infrastructure improvement and maintenance role they request complementary assistance. We are unable to support community aspirations within the short cyclone assistance timeframe so must increase efforts to attract other donor and private resources.

**Beneficiaries.** USAID improves the lives of over 31,300 rural families with community forest management, agricultural extension, market access, and cyclone recovery assistance. Benefits in assisted communities include more food, increased incomes, better irrigation, improved farm technology, more predictable rainfall run off, more secure access to forest resources, greater voice in local governance, and better conservation. National and local institutions also benefit. Better environmental information management improves regional and local planning and protected area management. Innovative financing options are being developed to ensure that critical protected areas thrive. Road, rail and port authorities are better able to mobilize and coordinate infrastructure investments. Commune toll stations address road maintenance and inter-communal associations pursue railroad maintenance. Two success stories illustrate these points.

From Charcoal Making to Forest Management: The degraded secondary Anosimijoro forest lies along a road rehabilitated after cyclone damage. With USAID support, local charcoal producers acquired new skills, technology, and financing to earn an alternative livelihood from farming. We also helped the villages enter into a contract that gave them forest management rights, in return for following a sound forest management plan. As a result, 80% of the members have abandoned charcoal making, and the forest and the road that runs through it are being protected.

A Substitute for Forest-Destroying Charcoal: In February 2001, through provision of consumer credit, we partnered with a Malagasy firm to promote butane gas as an efficient, clean and affordable cooking fuel and as a substitute for charcoal. Currently 75% of the 32,000 households in the provincial capital of

Mahajanga use only charcoal and 15% use charcoal in combination with another energy source to cook. Estimates are that annual demand in this town alone equates to loss of 4,000 hectares of forest. Within one month, households using butane in this town increased from 5% to 8%. More than four times the numbers of households may convert over time. Our partner is now beginning to replicate this model in Antananarivo.

**Table 1: Annual Report Selected Performance Measures for Madagascar**

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors	
Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives						
1	Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?	Yes	No x	N/A		
2	A. How many alliances did you implement in 2000 and 2001 (list partners)?  B. How many alliances do you plan to implement in FY 2002?	A. Implemented Alliances: 1. Packard and Summit Foundations (01) 2. Cisco Network Academy (01)  B. Planned Alliances: 1. Madagascar-US Business Council 2. QMM mining company				
3	What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	\$3.5 million over 4 years				
Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.						
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met XX	Not Met	DA PL 480 Title II	See responses below for USAID Objectives
USAID Objective 1: Critical, private markets expanded and strengthened						
5	Did your program achieve a significant result in the past year that contributed to expanded and strengthened private markets?	Yes	No X	N/A		
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged						
6	Did your program achieve a significant result in the past year that contributed to enhanced agricultural development and food security?	Yes X	No	N/A	DA PL480 Title II	Statistics are based on community impact monitoring.

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors	
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable						
7	Did your program achieve a significant result in the past year that contributed to expanded economic opportunity for the poor?	Yes X	No	N/A	DA	SPO: For supporting microenterprise: 1) A RIG "Quality of Results" audit dated 10/26/98 showed that the R4 indicator "Number of CEM Clients" was "objectively verifiable, supported validated," and that corrections had been made to increase the indicator's "accuracy" for the FY01 R4. 2) A 1999 Africa Bureau "Analysis of FY01 R4s showed that the CEM clients indicator was "adequate to give an indication of performance of that result." SPO: Poverty Reduction Strategy Paper SO3: Statistics are based on community impact monitoring.
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded						
8	Did your program achieve a significant result in the past year that contributed to increased access to quality basic education?	Yes	No X	N/A		
9	Number of children enrolled in primary schools affected by USAID basic education programs.	Male	Female	Total		
USAID Objective 5: World's environment protected						
10	Did your program achieve a significant result in the past year that contributed to protecting the environment?	Yes X	No	N/A		
11	a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)	420136 494864		DA	The tracking of hectares under improved management is facilitated by National Parks with approved plans, and the establishment of formal forest management authority transfer contracts between the USAID implementation partner, the communities assuming forest management responsibility, and the Ministry of Forests and Water. This is described in our Performance Monitoring Plan.	
Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.						
12	If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met	DA CSD	See Table 2 for details
USAID Objective 1: Reducing the number of unintended pregnancies						
13	Did your program achieve a significant result in the past year that contributed to reducing the number of unintended pregnancies?	Yes X	No	N/A	DA CSD	
USAID Objective 2: Reducing infant and child mortality						
14	Did your program achieve a significant result in the past year that contributed to reducing infant or child mortality?	Yes X	No	N/A	CSD	

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
15	Did your program achieve a significant result in the past year that contributed to reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth?	Yes X	No	N/A	DA	
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16	Did your program achieve a significant result in the past year that contributed to reducing the HIV transmission rate and the impact of the HIV/AIDS pandemic?	Yes X	No	N/A	CSD	
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17	Did your program achieve a significant result in the past year that contributed to reducing the threat of infectious diseases?	Yes	No X	N/A		
Democracy, Conflict and Humanitarian Assistance						
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met	DA IDA	All SPO indicators are maintained and updated through the Mission's internal portfolio review held every year. All indicators have been documented in a "Performance Indicator Reference Sheet" and annexed to the annual portfolio review report. SPO worked with its partners to develop its performance indicators following Agency guidelines. For SO2 and SO3: Cyclone impact monitoring is found under USAID's cyclone program monitoring plan consisting of field trips, quarterly contract reports, financial audits, and performance assessments. To date, impact information is based on quarterly report submissions and field trip monitoring.
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19	Did your program achieve a significant result in the past year that contributed to strengthening rule of law and respect for human rights?	Yes	No	N/A X		
USAID Objective 2: Credible and competitive political processes encouraged						
20	Did your program achieve a significant result in the past year that contributed to improving political processes and elections?	Yes	No X	N/A		
USAID Objective 3: The development of politically active civil society promoted						
21	Did your program achieve a significant result in the past year that contributed to strengthening civil society?	Yes X	No	N/A	DA	All SPO indicators are maintained and updated through the Mission's internal portfolio review held every year. All indicators have been documented in a "Performance Indicator Reference Sheet" and annexed to the annual portfolio review report. SPO worked with its partners to develop its performance indicators following Agency guidelines.
USAID Objective 4: More transparent and accountable government institutions encouraged						
22	Did your program achieve a significant result in the past year that contributed to improving government transparency and accountability?	Yes	No X	N/A		

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 5: Conflict						
23	Did your program achieve a significant result in the past year that contributed to preventing conflict in a pre-conflict situation?	Yes	No	N/A X		
24	Did your program achieve a significant result in the past year that contributed to preventing renewed conflict in a post-conflict situation?	Yes	No	N/A X		
25	Number of refugees and internally displaced persons assisted by USAID	Yes	No	N/A X		
USAID Objective 6: Humanitarian assistance following natural or other disasters						
26	Did your program achieve a significant result in the past year in the area of humanitarian assistance?	Yes X	No	N/A	IDA	
27	Number of beneficiaries	668,741 (direct)				(a) 618,053 direct beneficiaries of 5 districts where community health volunteers have been trained and are giving training to community members, small medical equipment provided to health centers, cholera centers created, and information, education and communications (IEC) materials distributed widely in communities. (An estimated 451,406 indirect beneficiaries of health interventions. They represent the population of the same districts whose health managers and health workers have received IEC materials but no community training has been conducted.) (b) 50,688 direct beneficiaries with improved irrigation perimeters, short cycle seed, and grain storage structures. (Indirect benefits for road and rehabilitation, for example, are not contractually mandated performance indicators and so are not tracked.) (c) Cyclone response monitoring plan discussed above.



**Table 2: Selected Performance Measures for Other Reporting Purposes**

The information in this table will be used to provide data for standard USAID reporting requirements

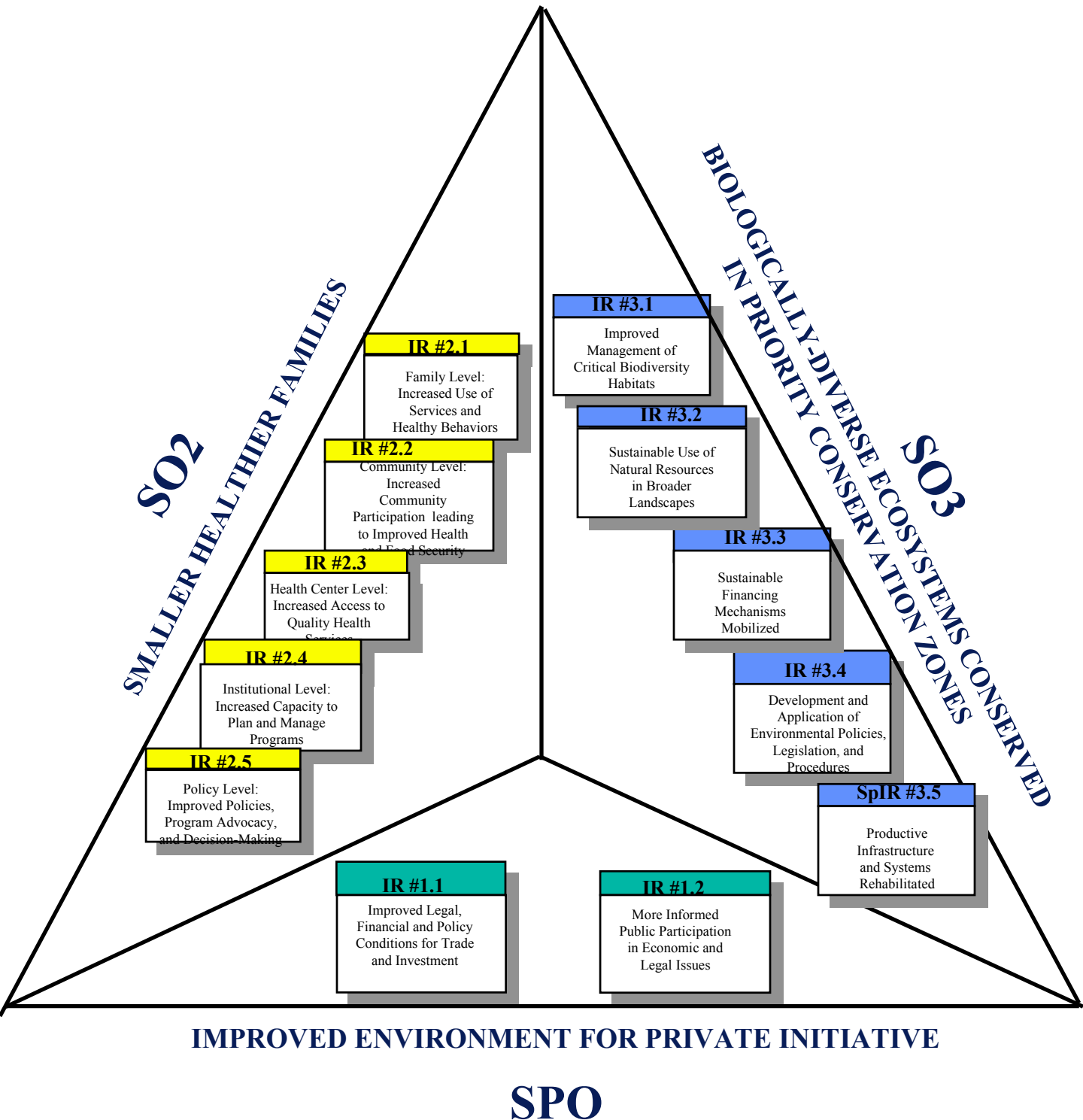
Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors	
Child Survival Report						
Global Health Objective 1: Reducing the number of unintended pregnancies						
1	Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	National: 12% Province: 22.7% Province: 14.8%	Tana Fianar	DA	National data is from the 2000 MICS survey. 2001 USAID program data is from a rapid assessment of program participants in 2 provinces. The 2001 data is most likely an underestimate as the women 15-49 selected were only those having a child under 2 years of age. More representative data will be available in the 2002 DHS.	
Global Health Objective 2: Reducing infant and child mortality						
2	Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total National: 56%  USAID: 94% in 2 provinces	CSD	National data is from the 2000 MICS survey. 2001 USAID program data is from a rapid assessment of program participants 12-23 months in 2 provinces. Analysis by gender has not been completed but all previous national surveys including the 1997 DHS show no difference in immunization rates between girls and boys. More representative data will be available in the 2002 DHS.
3	Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total N/A		
4	Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total National: 50%  USAID: 76% (6-23 mos) in 2 provinces	CSD	2001 USAID program data is from a rapid assessment of program participants 12-23 months in 2 provinces. 76% of children in USAID program areas received vitamin A supplements in the past 6 months versus 50% nationally. Data for the age group 6-59 months will be available from the 2002 DHS.

5	Were there any confirmed cases of wild-strain polio transmission in your country?	NO	CSD	We are not at certifiable levels of acute flacid paralysis (AFP), now at 0.32 instead of 1.0. However among cases investigated, no cases of wild polio were detected. A new focus on polio surveillance is planned for 2002.
<b>Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth</b>				
6	Percentage of births attended by medically-trained personnel (DHS/RHS)	N/A		
<b>Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance</b>				
7	a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual) b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)	N/A N/A		
8	Proportion of districts implementing the DOTS Tuberculosis strategy	N/A		
<b>HIV/AIDS Report</b>				
<b>Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries</b>				
9	a. Total condom sales (2001 actual) b. Total condom sales (2002 target)	6,044,000 7,000,000	CSD CSD	National data from PSI social marketing monthly reports.
10	a. Number of individuals treated in STI programs (2001 actual) b. Number of individuals treated in STI programs (2002 target)	Male Female Total N/A N/A		
11	Is your operating unit supporting an MTCT program?	No		

12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male	Female	Total N/A		
	b. Number of individuals reached by community and home based care programs (2002 target)			N/A		
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male	Female	Total N/A		
	b. Number of orphans and vulnerable children reached (2002 target)			N/A		
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male	Female	Total N/A		
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)			N/A		
<b>Victims of Torture Report</b>						
<b>Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture</b>						
15	Did you provide support to torture survivors this year, even as part of a larger effort?	No				
16	Number of beneficiaries (adults age 15 and over)	Male	Female	Total N/A		
17	Number of beneficiaries (children under age 15)	Male	Female	Total N/A		
<b>Global Climate Change</b>						
<b>USAID Objective 5: World's environment protected</b>						
18	Global Climate Change: See GCC Appendix					

**USAID/MADAGASCAR  
COUNTRY STRATEGIC PLAN:  
FY 1998 - 2003**

**GOAL: REDUCED POVERTY**



## **Annual Report Part VII: Environmental Compliance**

**I. Plan for new or amended IEE or EA actions for coming year.** USAID/Madagascar is currently in the process of developing a five-year Integrated Strategic Plan (ISP) for the period 2003 - 2008. As per SECSTATE 02926, USAID/Madagascar is authorized to proceed to develop an ISP with intervention in the following four strategic areas:

1. Environment and Rural Development;
2. Population, Health and Nutrition;
3. Agriculture and Trade; and
4. Democracy and Governance.

Each of these SOs will need environmental determinations. Preparation and review of these IEE/EA will be processed between July - August 2002. These IEE/EA will be submitted to the Bureau Environmental officer (BEO) for approval in September 2002.

## **2. Compliance with previous approved IEEs or EAs**

All Mission activities are in compliance with their corresponding approved IEEs, as reflected in the FY 00, FY 01 and comments columns below. Activities granted a "negative impacts with conditions" rating were monitored and will continue to be monitored, per Mission guidelines and per the Mission Environmental Officer (MEO) scope of work. The Regional Environmental Officer (REO) has made one visit in the past year (January 2001) to assist the Mission with oversight, and addressing conditions.

## USAID/MADAGASCAR ENVIRONMENTAL STATUS REPORT

ASSISTANCE ACTIVITIES	FY 00 and previous	FY 01	Comments
<b>SPO Improved Environment for Private Initiative</b>			
SPO-level/SPOAG IEE for all activities (29mad1.iee). Most of activities operating under the two previous projects IEEs: Participation & Poverty (26mad1.iee) and Financial Market Development (687-0121) are currently operating under the SPOAG IEE (29mad1.iee).	Participation and Poverty (P&P) IEE (26mad1.iee) and Financial Market Development (FMD) IEE signed by BEO on 03/15/93 amended to become the Special Program Objective (SPO) IEE (29mad1.iee) with Cat.Ex. All activities are in compliance with the approved IEE.	No action anticipated.	Cat. Ex. status will be monitored to ensure that any grants or cooperative agreements will incorporate provisions that the activities to be undertaken will be within the envelope of the recommended Cat. Ex.
<b>SO2 Smaller, Healthier Families</b>			
SO-level/SOAG IEE for all activities (26madso2.iee).	All activities are in compliance with the corresponding approved IEE.	No new or amended IEE/EA anticipated.	Continue to monitor the Negative Determination recommended for all activities related to rehabilitation (i.e. less than 1,000 sq.m.).
<b>SO3 Biologically Diverse Ecosystems Conserved in Priority Conservation Zones</b>			
SO-level: SO3 has two Results Packages (RPs). Each RP operates under its own IEE. RP1 (27mad31.iee) and RP2 (27mad32.iee)	99 IEE: Cat. Ex. recommended for activities fully defined under IR 3.2. All activities are in compliance with the corresponding approved IEEs	No new or amended IEE/EA anticipated.	Continue to monitor NGO or PVO grants or subgrants or activities implemented by private sectors entities on an individual basis through the environmental screening and review mechanisms.
P.L. 480 Title II DAPs CARE DAP IEE signed by BHR Environmental Officer 9/15/98 CRS DAP IEE signed by BHR Environmental Officer 9/15/98 Amended on 8/28/00 ADRA DAP IEE signed by BHR Environmental Officer 9/14/98	All activities are in compliance with the corresponding approved IEEs.	No new or amended IEE/EA anticipated.	